

ILLINOIS POWER COMPANY

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-0432

REBUTTAL EXHIBITS SPONSORED BY JOHN P. BARUD

OCTOBER 10, 2001

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ILLINOIS COMMERCE COMMISSION

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REBUTTAL TESTIMONY OF JOHN P. BARUD

OCTOBER 10, 2001

I. Introduction and Purpose of Testimony

1. Q. Please state your name, business address and present position.

A. John P. Barud, 2460 North Jasper Street, Decatur, Illinois 62526. My present position is Senior Director – Metro North Region.

2. Q. Have you previously submitted testimony and exhibits in this proceeding?

A. Yes. I previously submitted exhibits identified as IP Exhibits 2.1 through 2.12 and Corrected Revised IP Exhibits 2.3, 2.4, 2.5, 2.6, 2.9 and 2.10.

3. Q. What additional evidence are you submitting at this time?

A. I am submitting IP Exhibit 2.13 which is my rebuttal testimony, along with IP Exhibits 2.14 through 2.16, which were prepared by me or under my supervision.

4. Q. What is the purpose of your rebuttal testimony?

A. I am responding to the direct testimony of Staff witness Everson and People of the State of Illinois/Citizens Utility Board (“AG/CUB”) witness Effron concerning Energy Delivery-related electric distribution, general and intangible plant additions. In addition, I will also be updating the level of actual and planned Energy Delivery electric distribution, general and intangible plant additions.

II. Basis for Including Energy Delivery Plant Additions in Rate Base

5. Q. Have you reviewed the direct testimony of Staff witness Mary H. Everson?

A. Yes, I have. Ms. Everson proposes to allow a pro forma adjustment for energy delivery electric distribution, general and intangible plant additions for those plant additions that have received funding approval by Company management under Illinois Power’s Asset Management process. Ms. Everson testifies that the projects for which the Company has provided evidence of funding approval are known and capable of

24 being measured with reasonable certainty and satisfy the criteria set forth in section
25 DST.160 of the minimum information requirements approved by the Commission in
26 Docket No. 98-0454 ("known and measurable criteria").

27 6. Q. Do you agree with and accept Ms. Everson's proposal to allow a pro forma adjustment
28 only for those Energy Delivery plant additions associated with projects that have
29 received management funding approval through the Asset Management process?

30 A. Yes. Although Ms. Everson's approach will result in a lesser amount of plant additions
31 in rate base than under the Company's original proposal, I agree with Ms. Everson that
32 projects that have received funding approval satisfy the known and measurable criteria.
33 Therefore, I accept the Staff adjustment to reflect in the Company's rate base only
34 those pro forma Energy Delivery electric distribution, general and intangible plant
35 additions that have received management funding approval.

36 7. Q. Have you reviewed the direct testimony of AG/CUB witness David J. Effron regarding
37 post-test year additions to plant in service?

38 A. Yes, I have. Mr. Effron proposes to limit the allowance for post-test year additions to
39 plant actually placed in service by no later than six months after the end of the test year,
40 or June 30, 2001. Using an arbitrary end date of June 30, 2001 does not result in the
41 appropriate identification of all plant additions that would satisfy the known and
42 measurable criteria. The approach proposed by Staff witness Everson, in contrast, is a
43 much more focused approach to identifying plant additions that are known and
44 measurable.

45 8. Q. Did the Company utilize any forecast in the development of its proposed pro forma
46 adjustment for post-December 31, 2000 Energy Delivery plant additions?

47 A. No. Illinois Power utilized its Asset Management process of structured activities to
48 identify, design, cost, evaluate and fund projects required to maintain the safe and
49 reliable operation of the electric distribution system.

50 9. Q. Should the Commission accept the plant addition adjustment proposed by Mr. Effron?

51 A. No. The Commission should use the approach supported by Staff to determine the
52 Energy Delivery electric distribution, general and intangible plant projects that should be
53 included in rate base as a pro forma adjustment.

54 **III. Post – December 31, 2000 Additions to Electric Distribution Plant**

55 10. Q. Are you updating the level of actual and planned electric distribution plant additions for
56 funded projects, consistent with Staff witness Everson's criteria?

57 A. Yes. IP Exhibit 2.14 identifies the level of actual distribution plant additions through
58 August 31, 2001. These actual additions are shown in the "Actual Additions as of
59 8/31/01" column. The level of "Actual Additions" for "Total Distribution" as shown on
60 page 3 of IP Exhibit 2.14 has increased from \$30,532,548 as of March 31, 2001 to
61 \$71,390,931 as of August 31, 2001. The amounts shown in the "Remaining Additions"
62 columns represent the balance of the planned additions associated with electric
63 distribution projects that have received funding approval as of September 25, 2001.
64 The "Total Additions" for "Total Distribution" as shown on page 3 of IP Exhibit 2.14
65 for projects with funding approval as of September 25, 2001 is \$79,029,074.

66 **IV. Post – December 31, 2000 Additions to Energy Delivery General Plant**

67 11. Q. Are you updating the level of actual and planned Energy Delivery general plant additions
68 for funded projects, consistent with Ms Everson's criteria?

69 A. Yes. IP Exhibit 2.15 identifies the level of actual general plant additions through August
70 31, 2001. These actual additions are shown in the "Actual Additions as of 8/31/01"
71 column. The level of "Actual Additions" shown on IP Exhibit 2.15 has increased from
72 \$406,112 as of March 31, 2001 to \$1,903,429 as of August 31, 2001. The "Total
73 Additions" for "Electric General Plant" as shown on IP Exhibit 2.15 for projects with
74 funding approval as of September 25, 2001 is \$1,972,941.

75 **V. Post – December 31, 2000 Additions to Energy Delivery Intangible Plant**

76 12. Q. Are you updating the level of actual and planned Energy Delivery intangible plant
77 additions for funded projects, consistent with Ms. Everson's criteria?

78 A. Yes. IP Exhibit 2.16 identifies the level of actual intangible plant additions through
79 August 31, 2001. These actual additions are shown in the “Actual Additions as of
80 8/31/01” column. The level of “Actual Additions” shown on IP Exhibit 2.16 has
81 increased from \$352,805 as of March 31, 2001 to \$678,620 as of August 31, 2001.
82 The “Total Additions” for “Electric Intangible Plant” as shown on IP Exhibit 2.16 for
83 projects with funding approval as of September 25, 2001 is \$1,303,082.

84 13. Q. Does this conclude your prepared rebuttal testimony?

85 A. Yes, it does.

86

ILLINOIS POWER COMPANY
Development of Overall Rate Base Adjustment
For Electric Distribution Plant

Line No.	FERC Account	New Business			Rebuild Due to Condition		
		Actual Additions as of 8/31/01	Remaining Additions	Total Additions	Actual Additions as of 8/31/01	Remaining Additions	Total Additions
1	360						
2	361	\$ (6,437)	\$ -	\$ (6,437)	\$ 55	\$ -	\$ 55
3	362	42,672		42,672	942		942
4	363						
5	364	4,623,554	414,393	5,037,947	6,432,931	2,244,916	8,677,847
6	365	4,576,540	414,393	4,990,933	6,403,946	2,243,780	8,647,726
7	366	2,723,930	2,814,365	5,538,295	657,794	180,876	838,670
8	367	4,085,895	4,221,546	8,307,441	986,690	271,315	1,258,005
9	368	8,435,661	383,678	8,819,339	110		110
10	369						
11	370				1,948,980		1,948,980
12	371						
13	372						
14	373	<u>172,387</u>	<u>0</u>	<u>172,387</u>	<u>106,277</u>	<u>4,165</u>	<u>110,442</u>
15	Total	<u>\$ 24,654,202</u>	<u>\$ 8,248,375</u>	<u>\$ 32,902,577</u>	<u>\$ 16,537,725</u>	<u>\$ 4,945,052</u>	<u>\$ 21,482,777</u>

ILLINOIS POWER COMPANY
Development of Overall Rate Base Adjustment
For Electric Distribution Plant

Line No.	FERC Account	Rebuild Due to Capacity			Substation Equipment		
		Actual Additions as of 8/31/01	Remaining Additions	Total Additions	Actual Additions as of 8/31/01	Remaining Additions	Total Additions
1	360						
2	361	\$ -	\$ -	\$ -	\$ 836,807	\$ 71,817	\$ 908,624
3	362				15,858,365	1,114,564	16,972,929
4	363						
5	364	4,132,471	1,823,386	5,955,857	101,945	19,923	121,868
6	365	4,132,471	1,823,386	5,955,857	101,945	19,923	121,868
7	366						
8	367						
9	368				40,971	249,956	290,927
10	369						
11	370						
12	371						
13	372						
14	373						
15	Total	<u>\$ 8,264,942</u>	<u>\$ 3,646,772</u>	<u>\$ 11,911,714</u>	<u>\$ 16,940,033</u>	<u>\$ 1,476,183</u>	<u>\$ 18,416,216</u>

ILLINOIS POWER COMPANY
Development of Overall Rate Base Adjustment
For Electric Distribution Plant

Line No.	FERC Account	Relocate			Total Distribution		
		Actual Additions as of 8/31/01	Remaining Additions	Total Additions	Actual Additions as of 8/31/01	Remaining Additions	Total Additions
1	360						
2	361	\$ -	\$ -	\$ -	\$ 830,425	\$ 71,817	\$ 902,242
3	362				15,901,979	1,114,564	17,016,543
4	363						
5	364	2,527,968	655,425	3,183,393	17,818,869	5,158,043	22,976,912
6	365	2,527,968	655,425	3,183,393	17,742,870	5,156,907	22,899,777
7	366	-24,763	146,485	121,722	3,356,961	3,141,726	6,498,687
8	367	-37,144	219,728	182,584	5,035,441	4,712,589	9,748,030
9	368				8,476,742	633,634	9,110,376
10	369						
11	370						
12	371						
13	372						
14	373				278,664	4,165	282,829
15	Total	<u>\$ 4,994,029</u>	<u>\$ 1,677,063</u>	<u>\$ 6,671,092</u>	<u>\$ 71,390,931</u>	<u>\$ 19,993,445</u>	\$ 91,384,376
16	Retirements related to the above additions (see Revised IP Exhibit 1.9)						(12,355,302)
17	Additions net of retirements						\$ 79,029,074

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric General Plant

Line No.	FERC Account	Electric General Plant 1)		
		Actual Additions as of 8/31/01	Remaining Additions	Total Additions
1	389	\$ -	\$ -	\$ -
2	390	136,019	103,404	239,423
3	391	277,283		277,283
4	392	1,013,027		1,013,027
5	393			
6	394			
7	395			
8	396			
9	397	<u>477,100</u>	<u>36,108</u>	<u>513,208</u>
10	Total	<u>\$ 1,903,429</u>	<u>\$ 139,512</u>	<u>\$ 2,042,941</u>
11	Retirements related to the above additions (see IP Exhibit 1.36)			<u>(70,000)</u>
12	Additions net of retirements			<u>\$ 1,972,941</u>

1) The amounts shown on this exhibit are the portions of the total project costs allocated to electric distribution.

ILLINOIS POWER COMPANY

General Plant

Projects Scheduled for Completion During the Period January 1, 2001 through June 30, 2002

Line No.	<u>Name of Project</u>	<u>Month/Year Placed In Service</u>	<u>Total Plant Addition Amount</u>	<u>Jurisdictional Electric Distribution Allocation Percentage 1)</u>	<u>Amount Allocated to Electric Distribution</u>
1	Fleet - Electric Distribution	various	\$ 1,749,615	57.9%	\$ 1,013,027
2	Replace BellSouth Alarm Transmitter with MOSCAD	Dec-01	188,865	57.9%	109,353
3	Smartzone Upgrade of Mobile and Handheld Radios	Oct-01	389,810	57.9%	225,700
4	Replace Mobile Data Terminals	Jun-02	352,643	57.9%	204,180
5	Replace Service Area Building Roof - Hillsboro	August-01	300,686	57.9%	174,097
6	Galesburg Telecommunication Equipment	July-01	307,694	57.9%	178,155
7	Galesburg Office Equipment	July-01	126,258	57.9%	73,103
8	Small General Plant Projects	various	<u>112,826</u>	57.9%	<u>65,325</u>
9	Total General Plant Projects		<u>\$ 3,528,397</u>		<u>\$ 2,042,941</u>

1) Based on labor allocation factors presented by IP witness Carter, see IP Exhibit 1.4

General Plant

Projects Scheduled for Completion During the Period January 1, 2001 through June 30, 2002

1 Fleet – Electric Distribution

2 The electric vehicle fleet purchase and replacement project involves the purchase and
3 replacement of vehicles and associated equipment utilized in the provision of electric service to
4 customers. Examples of the types of equipment included in the project are automobiles, light
5 duty trucks, medium duty trucks such as aerial devices, material handlers, digger derricks, digging
6 equipment, trenchers, trailers and other service-related equipment. Illinois Power is continuously
7 purchasing and replacing vehicles and equipment used to provide electric service. By replacing vehicles
8 on a set schedule related to either miles or age of vehicle, the Company obtains benefits from more
9 modern vehicle technology, improved productivity and fuel economies, and minimized down-time. All
10 fleet replacements included in this project will either be purchased or ordered during 2001.

11 Replace BellSouth Alarm Transmitter with MOSCAD

12 The replacement effort involves the purchase of Motorola Moscad Remote Terminal Units
13 (“RTU”). These RTUs will be installed at all radio tower sites to monitor various conditions at each site
14 including: 1) any loss of normal AC power, 2) backup generator in operation or 3) sudden increased
15 temperature inside any of the radio buildings. The RTUs will transmit information back to the
16 Company’s North Decatur facility (through SCADA) and then to Central Dispatch for use in
17 responding to and resolving any problems encountered prior to any loss of voice radio communications.

18 Smartzone Upgrade of Mobile and Handheld Radios

19 The upgrade effort involves the purchase of Smartzone radios to replace existing Spectra C9
20 radios for areas that have undergone conversion to Smartzone. The Company has completed the
21 system upgrade of all radio tower sites to Motorola Smartzone Trunk Radio technology. Benefits
22 associated with this upgrade included improved radio communications through overlapping of coverage
23 areas. The Company's existing non-Smartzone radios maintained basic functionality but did not possess
24 the roaming capabilities associated with a Smartzone radio. All portable radios and one-third of the
25 mobile radios have already been replaced. This project will replace the remaining mobile radios with
26 new Smartzone radios.

27 Replace Mobile Data Terminals

28 In 1995, ruggedized laptop computers, referred to as Mobile Data Terminals ("MDTs"), were
29 installed in the Company's line trucks for the purposes of electronically dispatching orders and
30 electronic viewing of electric and gas facility maps. The expected lifespan of the initial MDT hardware
31 has been exceeded with the maintenance agreement for this equipment expiring in September 2001.
32 The current operating system for the MDTs is now no longer supported by its software vendor. In
33 addition, new functionality and features have been added to the electronic mapping software requiring
34 larger "color capable" screens which the current MDTs do not have. This effort involves the
35 replacement of all existing MDTs with newer models. The new laptops will have the latest operating
36 system that should be supported during the planned lifespan of the new hardware.

37 Replace Service Area Building Roof - Hillsboro

38 High maintenance costs, the need for annual inspections, and continual leaks now require the
39 replacement of the existing roof and deteriorated roof deck. The existing roof consists of the original
40 roof plus a second layer installed in 1985.

41 Galesburg Telecommunication and Networking Equipment

42 This project involves the installation of new telecommunication and networking systems at the
43 new Galesburg service unit building.

44 Galesburg Office Equipment

45 This project involves the purchase of new office equipment for the Galesburg service unit
46 building due to the consolidation of the Galesburg and Kewanee service areas.

47 Other Replacement and Restoration Projects of General Plant Facilities

48 These projects involve the renovation and/or upgrade of Company facilities and equipment used
49 by area personnel in ongoing operational activities. Projects range from improvement in drainage, to
50 installation of security equipment, to utilization of insulating material to promote energy efficiency.

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric Intangible Plant

<u>Line No.</u>	<u>FERC Account</u>	<u>Electric Intangible Plant 1)</u>		
		<u>Actual Additions as of 8/31/01</u>	<u>Remaining Additions</u>	<u>Total Additions</u>
1	303	<u>\$ 678,620</u>	<u>624,462</u>	<u>\$ 1,303,082</u>
2	Total	<u><u>\$ 678,620</u></u>	<u><u>\$ 624,462</u></u>	<u><u>\$ 1,303,082</u></u>

1) The amounts shown on this exhibit are the portions of the total project costs allocated to electric distribution.

ILLINOIS POWER COMPANY

Intangible Plant

Projects Scheduled for Completion During the Period January 1, 2001 through June 30, 2002 1)

<u>Line No.</u>	<u>Name of Project</u>	<u>Year Placed In Service</u>	<u>Total Plant Addition</u>	<u>Electric Distribution Jurisdictional Allocation Percentage 2)</u>	<u>Amount Allocated to Electric Distribution</u>
1	Reliability Centered Maintenance	February-02	\$ 895,406	57.9%	\$ 518,440
2	Resource Management Transition Enhancements	March-02	804,159	57.9%	465,608
3	Small Intangible Plant Projects	various	<u>551,009</u>	57.9%	<u>319,034</u>
4	Total Intangible Plant Projects		<u>\$ 2,250,574</u>		<u>\$ 1,303,082</u>

1) The project descriptions are shown on Corrected Revised IP Exhibit 2.10

2) Based on labor allocation factors presented by IP witness Carter, see IP Exhibit 1.4